

METHOD OF POINT OF SALE INVESTMENT

Field of the Invention

The present invention relates to a method of investment. The invention permits a purchaser to easily make on-demand contributions to investment accounts from point-of sale locations.

Background of the Invention

There is no question that most Americans possess a desire to save money and to secure their tomorrow, yet at the same time experience extreme difficulty in doing so. According to a recent Congressional Research Service report [June 2001] 61 percent of all Americans between the ages of 24 and 64 have no retirement savings account of any kind. Even with the immense popularity growth of 401(k) plans, [the value of 401(k) plans has grown from \$91 billion in 1984 to \$1 trillion in 1999] which signifies that Americans are willing to save if it can be done in a quick and convenient manner, 20 percent of American workers who are eligible for 401(k) programs still never invest in them. This percentage has remained constant over the past five years and, according to some analysts, can be attributed to confusion, inertia or limited income.

There are three types of "poor savers" who, for different reasons, find themselves intimidated by the current investment climate. First, there are those who make ample money to live on, but merely lack the self-discipline to implement a personal savings plan. Second, there are those who consistently live beyond their means and are convinced they don't have enough money to put even a small amount away for retirement. Third, the under thirty age group who

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 see retirement as a long way off and find retirement plans too time consuming and confusing.

2 When combined, these three types of "poor savers" make up over half of the working population.

3 Many people who do invest for their retirement still lack a stable savings strategy.

4 Statistical data, taken from the US Department of Commerce Bureau of Economic Analysis

5 Overview of the Economy, shows that the general population is fickle with their savings, being

6 heavily influenced by the ups and downs of the economy. In 1999, the American personal saving

7 rate was 2.4% or 160.9 billion dollars. In 2000, with the booming economy, the rate dropped

8 to 1.0% or 67.7 billion dollars. This was due to the fact that investors sold stocks and spent the

9 money as opposed to saving it. During the first two quarters of 2001 the rate increased to 1.1%

10 or 79.5 billion dollars. In September 2001 the rate was 4.6% or 349.7 billion dollars and only

11 18.5 billion in October 2001 (the decrease being attributed to the September 11th terrorist attacks).

12 Such wishy-washy investing leads to an insecure future.

13 Even people who are willing to save and who have a more stable savings strategy, are

14 often unable to save enough for their retirement. An Annual Retirement Confidence Survey

15 [released in May 2000] stated that though more Americans workers were saving for retirement,

16 they weren't saving enough because they underestimated their life-span. A man retiring at age

17 65 can expect to live on average until 81, and a woman until 84. The fastest-growing segment

18 of the population is the over-85 segment. We can only assume that further medical advancement

19 will continue to extend future life expectancy, making it increasingly more important for

20 Americans to put more money into their retirement funds.

1 Additionally, many people who desire to invest often lack the opportunity to easily invest.
2 Studies have shown women over the age of 33, earning more than \$15,000 per year, to be more
3 aggressive savers than men of similar age and income. Among workers earning \$75,000 per year,
4 the female participation rate in 401(k) plans is 87% compared to the male participation rate of
5 75%. Not only do women participate more frequently but also they invest a larger proportion of
6 their pay in equities, as opposed to less risky fixed-income securities. Although female employees
7 are likely to put more of their pay aside and invest more aggressively than men having equivalent
8 levels of pay and tenure, females' 401(k) balances are lower because they generally earn less and
9 have shorter job tenures than men. Thus, many women may be willing to participate in additional
10 investment opportunities if available.

11 Part of the reason why so many people either do not invest at all, or tend to under invest
12 for their retirement is because they do not have an investment system that permits them to easily
13 contribute to retirement funds at a time when they are more conducive to spending money.
14 Traditional savings plans usually require a person to initiate an automatic investment strategy,
15 which requires that they set a predetermined amount to be contributed on a continuous basis. An
16 automatic contribution system requires that a person budget their spending throughout the entire
17 year, spending less in some months to balance months of heavier spending. Many people do not
18 wish to estimate their spending needs months or even years in advance to make such a savings
19 system work. Although, automatic investment strategies can be reduced or even terminated at any
20 time by the investor, continuous modifications can become burdensome and lead to lack of desire

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 to invest. Thus it would be beneficial if a person could easily invest for their retirement without
2 initiating an automatic method of savings.

3 Currently a person's only alternative to automatic investment systems is to make manually
4 on-demand contributions to their retirement investments. This requires the investor to first make
5 a conscious decision that it is time to invest, and second, take actions necessary to accomplish an
6 investment transaction (such as contact an investment broker, discuss investments, write a check,
7 etc.). Because such an investment scheme requires self-discipline and a significant time
8 commitment by the investor, most people will tend to make rather large one-time investments for
9 a given time period rather than investing a little bit at a time over the same given time period.
10 Often these one-time larger investments are less than a person would be willing to invest, or able
11 to invest, if done in smaller intervals. This is because people tend to be more comfortable
12 spending money in smaller amounts. Nevertheless, the value of small amounts of money that do
13 not significantly impact an investor's financial position at any given time can cumulatively add
14 up to a significant amount over an extended period of time. Thus, it would be beneficial if a
15 person could easily invest relatively small amounts of money at any given time that they may so
16 desire.

17 18 **Summary of the Invention**

19 A principal object of the present invention is to provide a method of investment that
20 eliminates the laborious thought process, confusion and need for self-discipline tied to previous

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 investment plans. Another object of the present invention is to provide an investment method that
2 allows investors to make on-demand investments at times when they are conducive to spending,
3 such as when they are completing a purchase transaction.

4 The above objectives are achieved by linking the individual investor's bank debit card or
5 credit card to their investment accounts. First, the investor must associate investment-preference
6 information with the debit/credit (the "purchasing account") card account at their financial
7 institution ("bank"). The investment-preference information basically includes a listing of account
8 numbers to which the investor desires to contribute. Once the investment accounts are associated
9 with the purchasing accounts, the investor can contribute to their retirement account at any
10 retailer, bank, ATM machine, or similar point-of-sale terminal location. This enables the
11 investor is to act as an investor at the same time the investor is acting as a purchaser, encouraging
12 investment decisions at a time when the investor/purchaser is conducive to spending.

13 Upon completion of a point-of-sale transaction, the point-of-sale terminal displays a
14 message to the purchasers offering an option to perform an on-demand investment transaction.
15 If the purchaser chooses to initiate such a transaction, a request will be sent from the point-of-sale
16 location to the purchaser's bank. The bank will receive the request, review the purchaser's
17 predetermined investment strategy, and complete the investment for the desired amount. It's fast,
18 easy and like the 401(k) the money is invested without being seen, which facilitates investing for
19 those individuals who are not self-disciplined enough to take cash directly from their paycheck and

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 place it in a savings account. Unlike the 401(k), this method does not require an investor to
2 schedule automatic contributions.

3 In addition, the instant invention promotes investing with consistency. Because the
4 investor can make their contribution from anywhere, such as their local grocery store, they are
5 more likely to make it happen. After all, even in an economic slow-down, people still go to the
6 grocery store (or to a retail establishment) on average 6-10 times per week, at which time they
7 will be reminded to contribute to their retirement each time they use their card.

8 The amount of the investment can be selected by the purchaser at the point-of-sale location,
9 or alternatively, the purchaser can designate a predetermined investment amount for all
10 transactions as part of the purchaser's investment-preference information.

11 The purchaser can maintain multiple investment accounts, designating a primary-
12 investment account for all investments to a predetermined limit, and a secondary-investment
13 account to provide a roll-over for investments made in excess of the predetermined limit. This
14 is beneficial for IRA's and the like, which have yearly contribution ceilings.

15 In a preferred embodiment of the instant invention, the purchaser can make multiple on-
16 demand investment requests in a single day, which will be accumulated by the purchaser's bank
17 until the end of the day when the investment transaction are completed by the bank. This will
18 simplify the processing that is performed by the purchaser's bank.

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 The foregoing and other objects are intended to be illustrative of the invention and are not
2 meant in a limiting sense. Many possible embodiments of the invention may be made and will
3 be readily evident upon a study of the following specification and accompanying drawings
4 comprising a part thereof. Various features and subcombinations of invention may be employed
5 without reference to other features and subcombinations. Other objects and advantages of this
6 invention will become apparent from the following description taken in connection with the
7 accompanying drawings, wherein is set forth by way of illustration and example, an embodiment
8 of this invention.

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

Description of the Drawings

Preferred embodiments of the invention, illustrative of the best modes in which the applicant has contemplated applying the principles, are set forth in the following description and are shown in the drawings and are particularly and distinctly pointed out and set forth in the appended claims.

Figure 1 is a flow chart showing, generally, the method steps associated with the use of a preferred embodiment of the present inventive method at a point-of-sale location.

Description of the Preferred Embodiment

Preferred embodiments of the present invention are hereinafter described with reference to the accompanying drawings.

Referring to Fig. 1, a flow diagram showing the method steps associated with a preferred embodiment of the instant invention. The preferred embodiment of the instant invention allows a financial institution's customer to simultaneously act as both a purchaser and an investor by completing on-demand investment transactions at point-of-sale terminal locations.

To act as both a purchaser and an investor, the customer's purchase accounts must be linked to their investment accounts. In step 10 a customer contacts their bank, or other financial institution to enroll in the investment program of the instant invention. The customer will maintain a purchasing account with the financial institution. The customer will provide the financial institution with investment-preference information to associate the customer's purchasing accounts with investment accounts and enable the customer to make an on-demand investment transaction whenever that customer makes a point-of-sale purchase transaction.

The purchasing account can be a credit card account, a checking account, savings account, or any similar account from which the customer may perform point-of-sale transactions. Point-of-sale transactions include, but are not limited to, retail goods purchases, purchases of services (restaurants), online purchases, and banking/ATM transactions (deposits, withdrawals, balance inquiries).

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 Currently, most financial institutions will issue their customers a plastic credit card or debit
2 card to be used at point-of-sale locations. The credit/debit card allows for easy, convenient access
3 to the purchaser's account. In the preferred embodiment of the instant invention, the investor is
4 issued a plastic debit card. It is understood that the inventive method does not necessitate the use
5 of a plastic debit card; any alternative means of identifying an investor's purchasing account can
6 be utilized. For example, an investor may simply enter an account number at a point-of-sale
7 terminal location, rather than swiping a debit card.

8 In the preferred embodiment, the investment-preference information is maintained by the
9 customer's financial institution; however, this information can also be stored on the debit card and
10 transmitted to the financial institution at the time the customer requests the on-demand investment
11 transaction. At the very least, the investment-preference information will include an account
12 number for the customer's investment accounts. This is the account to which the customer desires
13 that the on-demand investment be contributed. The investment preference-information can include
14 additional information about the customer, such as additional investment account numbers,
15 account balances, account limits, roll-over procedures, and fixed on-demand transaction amounts.

16 The investment account can be an account with the same financial institution as the
17 purchasing account. Alternatively, the investment account can be an account with a separate
18 financial institution, or a combination of accounts. In a situation in which separate financial
19 institutions are used, the customer will need to provide authorization for funds to be transferred
20 between institutions. This authorization can be obtained when the customer initially enrolls in the

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 investment program of the instant invention. Some banks may chose to require customers' to
2 maintain both a purchase account and an investment account at that institution to permit on-
3 demand investments using the method of the instant invention. Nevertheless, such is not a
4 requirement of the inventive method.

5 In the preferred embodiment of the instant invention the customer's investment account is
6 linked to the individual's debit card account. The investment account is identified by the last four
7 digits printed on the debit card. These digits direct the customer's money into a sub-account
8 which can be an IRA, mutual fund, CD, stocks, or other similar investment account.
9 Alternatively, identification of the investment account can be accomplished by magnetically
10 encoding the account number, or identification number, on the customer's debit card.

11 Although the customer's investment account does not have to be maintained with the same
12 institution as the purchase account, the financial institution will usually require some incentive to
13 perform the services of completing on-demand investment requests of the instant invention for the
14 customer. This can be in the form of a service fee per transaction, a monthly fee, or a one-time
15 set-up fee. Alternatively, if a customer does maintain purchase and investment accounts with the
16 same financial institution, the bank may require its customer's to provide a minimum deposit to
17 open the investment account. As an incentive to the customer, the bank may chose to match the
18 customer's initial deposit up to a set amount (i.e. \$50.00). Like many other types of investment
19 or savings accounts, the bank, at its discretion, may require a minimum monthly deposit into the
20 customer's on-demand investment account. After completing the necessary paperwork to enroll

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 in the investment program of the instant invention, the bank can provide the enrolled customer
2 with a Wealth Accumulation Chart, which will show the potential growth of their account, based
3 on a predetermined weekly contribution at an estimated interest rate. This chart will help new
4 investors understand the value of compound interest, thus encouraging them to contribute to their
5 investment account on a regular basis.

6 Once the customer has enrolled in the on-demand investment program of their financial
7 institution and associated a purchase account with an investment account, the customer is ready
8 to invest. In step 20 the financial institution customer now becomes a purchaser. The customer
9 can purchase goods and/or services at a retail location, over the telephone, over the internet, or
10 at any other point-of-sale location such as a bank or ATM machine. In the preferred embodiment,
11 the customer purchases goods/services in person at a retail location. When it is time to pay for
12 the goods/services, the merchant will total up the purchase amount at the register and the customer
13 will slide their debit card through the cash register card reader to initiate the original point-of-sale
14 transaction (i.e. purchase of an item). Additional customer confirmation, such as a PIN number,
15 may be required to proceed with the transaction. This information can be input by the customer
16 using a keypad located on the merchant's register.

17 In step 30 the purchase transaction information, including such information as transaction
18 amount, customer account number, customer PIN number, is transmitted electronically to a host
19 processor, which routes the transaction request to the customer's bank or financial institution. The
20 funds for the point-of-sale transaction are then electronically transferred to the host processor's

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 bank account and an approval code is transmitted from the host processor to the merchant. The
2 point-of-sale purchase transaction can then be completed, and the host processor will ACH
3 (automated clearing house) the funds for the purchase amount to the merchant's bank account
4 (usually the next business day). This same, or similar process is currently used for virtually all
5 point-of-sale transactions, including credit card purchases and ATM withdrawals.

6 In step 40 a message is displayed to the customer, requesting whether the customer would
7 like to receive cash back as part of the purchase transaction. This is a common option that occurs
8 when customers use their debit cards to purchase items at retail locations. If a customer chooses
9 not to receive cash back, in step 50, the purchase transaction is completed for the amount of the
10 purchase. If however, the customer chooses in step 60 to receive cash back during the point-of-
11 sale purchase transaction, the customer will be prompted to enter an amount of cash that they
12 desire. In step 62 the customer uses the keypad of the merchant's register to key in an amount
13 of cash they desire. In step 64 the customer will be prompted to confirm that the amount is
14 correct. The customer will then use the keypad to confirm that the amount is correct, or else to
15 reenter the amount, or cancel the cash-back request entirely. Once the amount of cash back is
16 confirmed, that amount will be added to the purchase transaction amount, and funds in the amount
17 of the total transaction amount will be electronically transferred from the customer's purchase
18 account to the merchant's bank account in the manner described above. The merchant will give
19 the customer the items purchased as well as the additional cash requested by the customer.

1 Once the point-of-sale transaction is complete, including any amount of money that is to
2 be transferred from the customer's purchase account to the merchant's bank account as cash-back
3 to the customer, the investment process will begin. In step 70 the customer/purchaser is asked
4 if they would like to make an on-demand investment transaction, i.e. if they would like to
5 contribute to their IRA. In the preferred embodiment, this message is displayed on the merchant's
6 register.

7 If the point-of-sale location is an ATM, the details of the transactions will vary slightly due
8 to the fact that an ATM often offers a menu of options. The ATM can be programmed to display
9 a specific prompt asking the customer whether the desire to make an on-demand investment
10 transaction upon completion of their withdrawal (or other point-of-sale transaction, such as
11 balance inquiry). Alternatively, most ATM's provide a menu of options for the customer to select
12 a transaction, such as a withdrawal, a balance transfer between savings and checking, a balance
13 inquiry, or a deposit. When such a menu is available the ATM can list on-demand investment
14 transactions among its list of options.

15 If the customer chooses not to make an on-demand investment transaction, step 80, the
16 point-of-sale transaction will be completed, step 100, with the customer having purchased the
17 goods or services from the retailer and receiving any cash-back that has been requested. No
18 contribution will be made to the customer's investment account. If however, the customer chooses
19 to make an investment, step 90, the customer selects the amount to invest, step 92, and then
20 confirms that the selected amount is correct, step 94. In the preferred embodiment, the

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 customer/investor will select investment amounts in five dollar increments; however, any
2 monetary increment can be used. Additionally, for ease of investing, the investor could choose
3 a predetermined investment amount for all on-demand investment transactions. This
4 predetermined amount would be selected when the customer enrolls in the investment program
5 with their financial institution, and will become part of the customer's investment-preference
6 information.

7 Once the customer confirms the amount they wish to contribute to their investment
8 account, a request will be transmitted to the customer's bank, step 96, for the bank to complete
9 the investment transaction and transfer the funds from the investor's purchase account to the
10 appropriate investment account. At that point the customer has completed the on-demand
11 investment, step 100, a receipt can be printed, if desired, and the customer can leave the
12 merchant's register.

13 In the preferred embodiment, the customer's bank will receive the customer's on-demand
14 investment request and accumulate all requests made by the customer throughout a single day, step
15 98. The bank will then complete the cumulated requests, by making a single transfer of funds
16 from the purchase account to the investment account at the end of the day. This allows a customer
17 to make as many on-demand investments as desired, while eliminating redundant efforts on the
18 part of the bank to complete the investment transactions. This is especially beneficial when the
19 customer's investment accounts are maintained at a separate financial institution from the purchase
20 account.

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 Many investment accounts, such as an IRA, have a yearly contribution ceiling.
2 Additionally customer's may wish to limit the total amount that they will contribute to a single
3 investment account. In such situations, the customer may wish to have a secondary account into
4 which any amounts in excess of the predetermined limits will roll-over. The customer will
5 designate primary and secondary investment accounts when they enroll at their bank. In the
6 preferred embodiment, the customer will designate a primary account into which all on-demand
7 investment amounts will be contributed. When a customer makes an on-demand investment, the
8 customer's bank will check the total amount already invested in that account and determine
9 whether the investment will bring the total over the predetermined limit. If the investment will
10 bring the total over the limit, then the bank can invest an amount in the primary investment
11 account to bring the total to the exact amount of the limit. The remainder of the on-demand
12 investment can then be contributed to the secondary investment account. If an investor has not
13 designated a secondary account, the bank can either cancel the transaction, or it can reduce the
14 amount of the on-demand investment to bring the account total to the investment limit. These
15 banking options can all be prescribed in the enrollment contract between the bank and the
16 customer.

17 The prompts to the customer, i.e. asking if they desire cash back, and asking if they wish
18 to contribute to their investment account, can either be initiated by the point-of-sale terminal (i.e.
19 the merchant's register) or they can be initiated from a central location (i.e. the bank). Which
20 method is used will depend upon the communication link between the point-of-sale terminal and

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 the bank. Initiation from the bank will require either a continuous connection between the
2 terminal and the bank, or else multiple transmissions. Initiation from the point-of-sale terminal
3 can allow all transaction information to be collected, i.e. purchase amount, cash-back amount and
4 on-demand investment amount, before transmitting data between the merchant's register and the
5 bank. This can reduce the overall connection time and number of transmissions. Such may be
6 beneficial for merchants who do not have dedicated lines for their registers.

7 In the preferred embodiment of the invention, only customers who have enrolled in the
8 investment program with their bank will be prompted to make on-demand investments at point-of-
9 sale terminals. Nevertheless, it may be desirable to ask all point-of-sale purchasers if they desire
10 to make an on-demand investment. This might inspire some purchasers to make an on-demand
11 investment who otherwise lack the motivation to enroll in an investment program. In such a
12 situation, a message can be displayed to the purchaser that they do not have an investment
13 account, and that they should contact their financial institution to enroll in the program.
14 Alternatively, an investment account (possibly a temporary account) can be automatically opened
15 for the purchaser with the purchaser's financial institution. The purchaser's bank can then send
16 enrollment information to the purchaser and enroll the purchaser in the investment program.

17 In the preferred embodiment, quarterly statements can be mailed to investors which will
18 minimize the inertia associated with the concept of saving and encourage investors to continue to
19 contribute to their investment accounts.

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 In the preferred embodiment of the instant invention, the customer's bank will have an
2 automated system for completing the investment transactions. In most cases this can be done with
3 existing technology that already permits banking customers to set up automatic funds transfers
4 between accounts either within a single financial institution, or between multiple institutions.
5 Such an automated system will require customer's to provide the bank with authorization for
6 making such automatic transfers upon enrollment in the program.

7 An alternative embodiment of the instant invention can utilize smart-card technology, in
8 which investment-preference information is stored in a microprocessor embedded in the card. In
9 such an embodiment it may be possible to complete an on-demand investment transaction directly
10 from a point-of-sale terminal, rather than requiring assistance from the purchaser's financial
11 institution. The point-of-sale location would then directly make the electronic transfer of funds
12 from the purchase account to the investment account.

13 In the foregoing description, certain terms have been used for brevity, clearness and
14 understanding; but no unnecessary limitations are to be implied therefrom beyond the requirements
15 of the prior art, because such terms are used for descriptive purposes and are intended to be
16 broadly construed. Moreover, the description and illustration of the inventions is by way of
17 example, and the scope of the inventions is not limited to the exact details shown or described.

18 Certain changes may be made in embodying the above invention, and in the construction
19 thereof, without departing from the spirit and scope of the invention. It is intended that all matter

INVENTOR: CLARIDGE et al.
TITLE: Method of Point of Sale Investment

1 contained in the above description and shown in the accompanying drawings shall be interpreted
2 as illustrative and not meant in a limiting sense.

3 Having now described the features, discoveries and principles of the invention, the manner
4 in which the inventive method of investment is used, and advantageous, new and useful results
5 obtained, the new and useful elements, arrangements and combinations, are set forth in the
6 appended claims.

7 It is also to be understood that the following claims are intended to cover all of the generic
8 and specific features of the invention herein described, and all statements of the scope of the
9 invention which, as a matter of language, might be said to fall therebetween.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100